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SUBJECT: MID SIZE CITY IN BELARUS: ACTIVIST MORE CONFIDENT BUT
PRIVATE BUSINESS LESS

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¶1. (U) Summary: On August 5, 2009 Chargi Scanlan visited Borisov, the second largest industrial center (pop 150,000) in the Minsk Oblast, where he met with the local authorities, state and private businesses, opposition political parties and civil society. While the authorities praised improvements in the business climate and civil freedoms, democratic activists and entrepreneurs expressed skepticism and stated that government pressure continued but in a more subtle way. For activist, however, that meant more space, but for entrepreneurs it was resulting in a decrease in profitability. End Summary.

Harassment Continues But More Subtle But That Creates Space

¶2. (U) Members of political parties and civil society organizations in Borisov told the Chargi that the GOB's pressure has become more subtle. Detentions have been replaced by fines and harassment, such as threats not to prolong work contracts. This pressure forces activists and their relatives employed by state enterprises to work "underground" in order not to lose their jobs. They also mentioned that it was more difficult to operate in the regions than in Minsk. People are banned not only from organizing events in Borisov but also from attending events in Minsk. At the same, time democratic community representatives noted that this subtle pressure was not as disruptive as the previous overt harassment or detention had been, thus it was now easier to reach out to the public with their message. They also feel more confident in their effort to register their parties and organizations because the government feels increasingly compelled to work through a "legal" framework.

Officials: Private Sector Booming; Opposition: It's a Mirage

¶3. (U) The Mayor of Borisov reported on the favorable climate for small private businesses in the region noting quick registration and simplified tax policies. As an example, Borisov Executive Committee officials cited a successful entrepreneur running a market and the growing number of small businesses that have registered despite the crisis. The Mayor also expressed interest in attracting American businesses to the region, to which the Chargi responded that the latter prefer to work with private sector and in free market conditions, and are independent from the USG in their decisions. Consequently, CDA advised the Mayor to do everything possible to promote the expansion of the private sector in his city.

¶4. (U) Independent entrepreneurs, however, expressed skepticism concerning the official economic statistics, which show sky-rocketing number of small businesses. Such skepticism is reinforced by official decrees like Decree 760 that limits private entrepreneurs to employing family members only, which

forces private entrepreneurs to restructure their businesses by subdividing them into a number of smaller businesses thus creating an artificial increase the number of individual entrepreneurs. Another superficial increase in the number of entrepreneurs occurred when state factories due to the financial crisis put workers on part time schedules which then forced workers to register as private entrepreneurs, as a safety measure to a possible future unemployment. GOB's policy of full employment means that in Belarus there is really no unemployment safety net to speak off. As workers pointed out to Charge the most they could count on if laid off was \$17 a month in unemployment benefits.

15. (U) Private entrepreneurs also told the Chargé that businesses operations had become more difficult because of the crisis and harsh regulations. The ban on selling beer and light alcoholic drinks in kiosks, and rental payments tied to the EURO had put many entrepreneurs out of business. To combat this trend the entrepreneurs started a legal support group that provides assistance in defending their rights. This group also distributes information to various groups in order to capitalize on the growing discontent among workers, especially those that have experienced shortened work schedules and reduced salaries.

Independent Media Scraping Through But Demand Growing

16. (SBU) According to Anatoly Bukas, Chief Editor of an independent newspaper "Borisovskiye Novosti" [Borisov News, circulation 7,000], there are twelve independent regional newspapers around the country that have been banned from state subscription and distribution networks. Only "Bobruisky Courier" (circulation 2,600) is allowed into the state distribution system. The other twelve continue to operate, though at a disadvantage to state newspapers as they are forced to pay higher-priced commercial postage rates plus didn't have access

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newspaper kiosks so they must find other platforms to sell their papers from. At the same time, Bukas noted that the economic crisis is making people search for answers and thus other sources of information than the state media, thus increasing the demand for independent newspapers.

Comment

17. (SBU) As part of Lukashenka's efforts to appease Western audiences? Local authorities are clearly feeling increasingly obliged to keep their pressure against democratic activists more subtle. This, however, has had unforeseen consequences for the authorities as it has given political parties, civil society and independent media more opportunities to reach out to people making them more confident. Small businesses however exist in much harsher conditions now and only those that have protection from the authorities manage to profit and expand. While, the authorities in Borisov seem to realize the need to improve the business climate and attract investors, they are not willing to alter the existing system maintaining that it has already been sufficiently changed. End Comment.

SCANLAN